



OPIC Highlights

Factsheet - El Salvador

Darby ProBanco Fund II

OPIC's board of directors on April 27, 2006 approved \$45 million in OPIC financing to support the establishment of Darby ProBanco Fund II, a private equity investment fund which will invest in the financial services sector across Central America. The fund has a target capitalization of \$90 million, and succeeds ProBanco I, a \$27 million fund that also focused on the region.

With OPIC's catalytic support, Darby ProBanco Fund II will become one of the largest private equity funds in the region. The countries of the Central American-Dominican Republic Free Trade Agreement (CAFTA-DR) will receive 60 percent of the fund's capital.

In addition to providing much needed capital to middle-market financial services firms in the CAFTA-DR region, the fund is expected to generate more than \$7 million in annual tax revenue for host-country governments, as well as 1000 permanent local jobs and over \$500 million in procurement expenditures within OPIC-eligible host countries.

Darby ProBanco Fund II will provide fresh capital for the growth of businesses in Central America, and contribute assistance and know-how in areas such as corporate governance, technology, efficiency and funding strategies.

Microfinance International

OPIC is providing a \$4 million loan to Microfinance International (MFIC), a Washington, D.C.-based company that is one of the first to link remittance flows to microfinance development. Proceeds of the OPIC loan will be used to on-lend to qualified microfinance institutions (MFIs) in Latin America, including CAFTA-DR countries, for the processing of remittances, as well as check-cashing and microlending services.

Remittances play a central role in economic development by providing capital to low-income families traditionally excluded from the formal financial sector - a fact which positions MFIs as logical agents for processing remittances. According to the Inter-American Development Bank, roughly 180 million remittances totaling \$45 billion were transmitted from the United States to Latin American countries in 2004 - an increase of nearly ten percent over the past several years. At the same

time, nearly 250 formal MFIs, with six million clients, have emerged in Latin America in recent years; their customers have shown repayment rates that were better than the formal finance sectors in most developing countries. Taking advantage of this synergy, MFIC developed a remittance settlement platform that facilitates the participation of MFIs as distribution agents. MFIC funds will be used primarily to expand MFI portfolios for housing and small business loans, leveraging OPIC financing to reach MFIs that otherwise would not have access to capital. OPIC's loan to MFIC is expected to permit an additional 5000 loans by MFIs in the next 1-2 years.

MFIC has a regional office in El Salvador and partnerships with distribution agents in El Salvador, Guatemala, Honduras and Nicaragua, among other countries.

Agreement with CONADEI

OPIC strengthened its support for U.S. investment in El Salvador on May 16, 2006 by concluding an agreement with the National Commission for the Promotion of Investment and Exports (CONADEI), an agency of the Presidency of El Salvador, to inform U.S. small businesses of OPIC programs in the country.

The agreement establishes a Joint Working Group between OPIC and the National Investment Promotion Agency of El Salvador (PROESA), whose goal is outreach to U.S. small business investors in El Salvador. The group will provide specific information about OPIC programs and services to potential U.S. investors in El Salvador, with a focus on franchise opportunities, agribusiness support, and housing projects; and screen prospective projects for OPIC support.

"OPIC's partnership with PROESA will inform far greater numbers of U.S. small businesses about our programs than OPIC could reach alone, so we expect a significant number of projects to result from this agreement," said OPIC President and CEO Robert Mosbacher, Jr.

OPIC in El Salvador

Over its 35 year history, OPIC has provided over \$306 million in financing and political risk insurance to 30 projects in El Salvador, in sectors including agriculture, manufacturing, services, construction, mining, power and financial services.



OPIC is a U.S. government agency that helps U.S. businesses invest overseas, fosters economic development in new and emerging markets, complements the private sector in managing risks associated with foreign direct investment, and supports U.S. foreign policy. Because OPIC charges market-based fees for its products, it operates on a self-sustaining basis at no net cost to taxpayers. Since 1971, OPIC has supported more than \$164 billion worth of investments that have generated over \$69 billion in U.S. exports and supported more than 264,000 American jobs. For more information please go to www.opic.gov.